Q7 8lr1396

By: Delegates Ross, Barnes, Healey, Kaiser, and Walker

Introduced and read first time: February 1, 2008

Assigned to: Ways and Means

## A BILL ENTITLED

1	AN ACT concerning
2 3	Arts and Entertainment Districts – Tax Benefits – Jewelry and Clothing Designers
4 5 6	FOR the purpose of altering the definition of artistic work for the purpose of certain tax benefits available in certain arts and entertainment districts; and generally relating to tax benefits and arts and entertainment districts.
7 8 9 10 11	BY repealing and reenacting, with amendments, Article 83A – Department of Business and Economic Development Section 4–701 Annotated Code of Maryland (2003 Replacement Volume and 2007 Supplement)
12 13 14 15 16	BY repealing and reenacting, without amendments, Article – Tax – General Section 10–207(a) Annotated Code of Maryland (2004 Replacement Volume and 2007 Supplement)
17 18 19 20 21	BY repealing and reenacting, with amendments, Article – Tax – General Section 10–207(v) Annotated Code of Maryland (2004 Replacement Volume and 2007 Supplement)
22 23	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
24	Article 83A - Department of Business and Economic Development
25	4–701.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1	(a) (1) In this	is section the following words have the meanings indicated.
$2\\3\\4$	(2) (i) whether <b>CREATED</b> , writ categories:	"Artistic work" means an original and creative work, ten, composed, or executed, that falls into one of the following
5		1. A book or other writing;
6		2. A play or performance of a play;
7 8	musical composition;	3. A musical composition or the performance of a
9		4. A painting or other picture;
10		5. A sculpture;
11		6. Traditional or fine crafts;
12		7. The creation of a film or the acting within a film; [or]
13 14	OR	8. The creation of a dance or the performance of a dance;
15 16	CLOTHING, OR CLOTHI	9. THE CREATION OF ORIGINAL JEWELRY, NG DESIGN.
17 18	(ii) any of the categories liste	"Artistic work" includes any product generated as a result of ed under subparagraph (i) of this paragraph.
19	(iii)	"Artistic work" does not include [any]:
20 21	industry–oriented or ind	1. ANY piece or performance created or executed for ustry-related production; OR
22		2. TAILORING SERVICES OR CLOTHING ALTERATION.
23 24	(3) "Arts public and private uses t	and entertainment district" means a developed district of hat:
25 26	(i) corporation to a regional	Ranges in size from a portion of a county or municipal district with a special coherence; and
27 28 29		Is distinguished by physical and cultural resources that play development of the community and contribute to the public acational, and recreational uses.

$\frac{1}{2}$	(4) "Arts and entertainment enterprise" means a for profit or nonprofit entity dedicated to visual or performing arts.
3	(5) "Qualifying residing artist" means an individual who:
4 5 6	(i) Owns or rents residential real property in the county where the arts and entertainment district is located and conducts a business in the arts and entertainment district; and
7 8 9	(ii) Derives income from the sale or performance within the arts and entertainment district of an artistic work that the individual <b>CREATED</b> , wrote, composed, or executed, either solely or with one or more other individuals, in the arts and entertainment district.
11 12 13 14	(b) Subject to the requirements of this section, the Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation may apply to the Secretary for designation of an arts and entertainment district in the county or municipal corporation in which:
15 16	(1) Qualifying residing artists are eligible for the income tax subtraction modification under $\$ 10–207(v) of the Tax – General Article;
17 18	(2) A property tax credit under $\$ 9–240 of the Tax – Property Article applies; and
L9 20	(3) An exemption from the admissions and amusement tax under $\$ 4–104 of the Tax – General Article applies.
$\frac{21}{22}$	(c) An arts and entertainment district shall be a contiguous geographic area of a county that is:
23 24	(1) Wholly within a priority funding area as provided under $\$ 5–7B–02 of the State Finance and Procurement Article; or
25 26	(2) Wholly within a designated neighborhood as defined under $\S$ 6–301 of the Housing and Community Development Article.
27 28 29	(d) (1) The Secretary shall give the Comptroller notice of the establishment of an arts and entertainment district on or before July 1 prior to the effective date of its establishment.
30 31 32	(2) The subtraction modification under § 10–207(v) of the Tax – General Article shall be applicable to all taxable years beginning after December 31 of the year in which the notice required under paragraph (1) of this subsection is

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provided.

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- 2 (a) To the extent included in federal adjusted gross income, the amounts 3 under this section are subtracted from the federal adjusted gross income of a resident 4 to determine Maryland adjusted gross income.
- 5 (v) (1) In this subsection, "artistic work", "arts and entertainment 6 district", and "qualifying residing artist" have the meanings stated in Article 83A, § 4–701 of the Code.
  - (2) The subtraction under subsection (a) of this section includes the amount of income derived within an arts and entertainment district by a qualifying residing artist from the publication, production, or sale of an artistic work that the artist **CREATED**, wrote, composed, or executed in the arts and entertainment district.
- 12 (3) For the purpose of determining whether income is derived within 13 an arts and entertainment district for the purpose of this subsection, a qualifying 14 residing artist shall allocate receipts and expenses as the Comptroller may require.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2008.